CENTRAL INTELLIGENCE AGENCY

INFORMATION REPORT

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SECURITY INFORMATION

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THE APPRAISAL OF CONTENT IS TENTATIVE.
(FOR KEY SEE REVERSE)

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1. The Industrial Chains Factory (Ipari Lancgyár) in Budapest XIII, on Mohacs utca 7 and Csata utca 13, occupied an area 60 x 120 m. [See Annexes A and B]. It was one of the most important industrial enterprises in Hungary.

2. The factory operated in three shifts, employing about 200 workers (very few women), and about 35 office workers.

3. The factory's maximum production covered only 30% of the country's needs for industrial chains; the rest had to be imported. The chains produced were:

   a. Electrically welded chains
   b. Forged chains
   c. Flat link articulated chains of the Gall and Ewart types
   d. Bicycle and motorcycle chains

4. The electrically welded chains consisted of electrically welded machine-made individual links, up to 12 mm. in thickness. The chains were made in pieces 30 m. long which were tested for tensile strength with an oil-pressure testing machine. The workshop had three bending machines, five electric welding machines, and a number of tool machines. These chains were used in tackles, cranes, and hoisting machines of a lifting capacity not exceeding 10 metric tons. The monthly production of electrically welded chains was 30,000 to 35,000 m. The country's monthly need for these chains was 80,000 m.

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STATE	#x	ARMY	#x	NAVY	#x	AIR	#x	FBI		AEC					

(Note: Washington Distribution Indicated By "X"; Field Distribution By "#".)

5. Forged chains were made by hand in the factory's smithy. The metal was cut in pieces of required length for the chain link, heated in a small blacksmith's hearth to a temperature of 800 degrees Celsius, and hammered into oval or near-rectangular forms. The chains were 13 to 40 mm. thick and had a maximum lifting strength of 10 tn. The production methods in the smithy were primitive and the working conditions were terrible. The workshop occupied an area 30 x 30 m. and six meters high. There was no ventilation and the few narrow windows in the building were so dirty that no light penetrated them. The shop was full of soot and gases, and one could hardly see the 60-odd workers moving about in the smoke, half naked like devils in a resounding hell. The workers were constantly driven to produce more and more because of a great shortage in forged chains. The monthly production of forged chains was 10,000 to 12,000 m. The country's monthly need for these chains was 40,000 m.

6. Flat-link articulated chains were of two kinds -- the Gall chain and the Ewart chain. The Gall chains had the greater lifting strength -- up to 60 tn. These chains were used for hoisting heavy objects in metallurgical enterprises, in machine industry, bridge construction, and for mine elevators and "pater noster" elevators. Ewart chains had the advantage of having detachable links, so that in cases of breakage during operation the broken link or links could easily be replaced. Ewart chains were used especially as driving chains in textile industry machinery. The workshop for the production of flat link articulated chains was 20 x 35 m. It had the largest number of machines -- turret lathes, boring machines, milling machines, and planes -- altogether about 30 obsolete machines. The shop was so disorderly and cluttered with parts, tools, and materials that it was hardly possible for the 50-odd chain makers and locksmiths who worked there to move about. (There was also a workshop 30 x 30 m. in which tackle heads were produced and hoisting tackle mounted.) The factory produced a montly total of 8,000 to 10,000 m. of these chains. The country's need for them was about 30,000 m. monthly.

7. Bicycle and motorcycle chains were produced in large quantities and with more modern machines. The production was sufficient for the country's needs and therefore these chains were not subjected to materials control /See paragraph 12 below/.

8. The Industrial Chains Factory had great production troubles. It was supplied with materials by the Ozd Metallurgical Works (Ozdi Kohaszati Uezemek). These materials were of low quality, insufficiently alloyed and of low tensile strength. Often deliveries of certain materials were delayed for several weeks by the Ozd works. Because of the low quality of metal the life of chains was short. Breakage caused many accidents and represented a constant danger to workers. In addition to production troubles, the factory was swamped with requests for chains.

9. Until September 1951 the country's needs for industrial chains, hoisting machines, and tackle blocks were supplemented by imports from the Western countries. When the embargo on exports of strategic materials to Iron Curtain countries was imposed, great havoc was created in Hungarian industry and the lack of industrial chains seriously affected Hungary's industrial production. The critical situation was further complicated in 1951 [redacted] 50X1-HUM [redacted] For instance, production was delayed in the Red Star Tractor Factory (Voeroes Csillag Traktorgyár, formerly Hoffher and Schrantz Factory) and in the Kuehne Agricultural Machine Factory (Kuehne Mezoegazdasági Gépgyár).

Representatives of these two factories argued in the Transportation Industry Division of the Foundries and Machine Industries Ministry that finished tractors could not be exported to China because of the lack of tractor chains and that this would affect Hungarian steel production, because Hungary received wolfram from China in exchange for tractors.

10. One of the causes of the critical situation in the production of industrial chains was the bungling of the State Planning Office (Orszagos Tervhivatal). In 1949 the Planning Office had granted a sum of 18,000,000 forints within its total five year plan toward the construction of a new chain factory at Hajdunanas /4750N-2125E/. But as new problems came up which were considered more urgent, the amount allotted for the chain factory was diverted to other purposes. Eventually only 1,000,000 forints were left for the building of the new chain factory, which was not enough.

11. The Industrial Chain Factory was directly controlled by the Consumer Goods Division (Toemegcikkipari Foeosztály) of the Foundries and Machine Industries Ministry (Koho és Gépipari Miniszterium). Because of the constant confusion in the distribution of chains, monthly meetings were held under the chairmanship of (fnu) BOHUS, Chief Referent (Foeeloeado) of the Consumer Goods Division. Represented at these meetings were: the Machine Industry, the Transportation Industry, and the High Tension Power Divisions (Gépipari, Jarmueipari, Eroesaramu Berendezesek Foeosztályak) of the Foundries and Machine Industries Ministry; the State Planning Office; technical experts of the Materials and Goods Distribution Division and production divisions of the Mining and Power Ministry, the Ministry for Construction and of the Light Industry Ministry. All these officials participated at the monthly meetings in order to further the interests of their respective offices in the allotment of industrial chains. The meetings were held in the building on Arany János Street No. 25 which belonged to the Foundries and Machine Industries Ministry. These meetings were stormy affairs and often lasted from six to eight hours, so great were the difficulties in the distribution of industrial chains. BOHUS often cried himself hoarse at these meetings. [redacted] 50X1-HUM

[redacted] With him at the meetings was (fnu) MOSONYI, technical director of the Industrial Chains Factory and the director of the factory's Office for Time Limit and Program. [redacted] 50X1-HUM

[redacted] Upon opening a meeting BOHUS invited the representatives to agree among themselves on the claims for chains in the order of the urgency of their needs. He also announced that only 30% or the requested claims could be fulfilled. This announcement usually started a wrangle for chain quotas among the representatives. They argued and fought for every meter of chain.

12. When it was realized that the meetings did not bring any improvement in the situation the State Planning Office (Orszagos Tervhivatal) ordered all chains placed under the Materials Control Administration beginning in January 1952. According to new regulations all requests for chains had to be submitted 180 days in advance of the expected delivery date. This was later extended to 210 days. Even these measures did not solve the problem of the chain shortage.

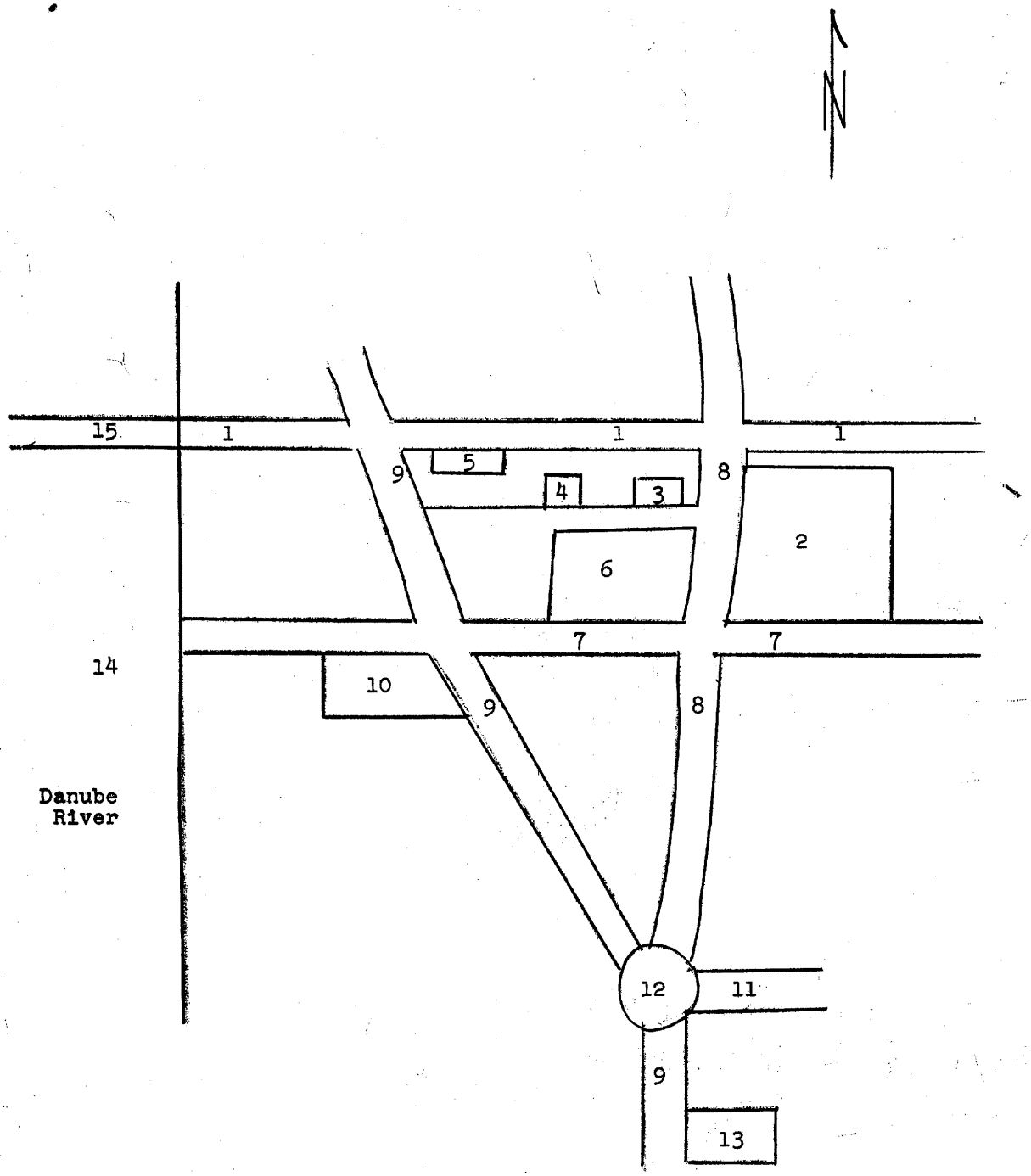
13. Distribution of chains was controlled by the Materials and Goods Distribution Division (Anyag és Aruforgalmi Foeosztály) of the Foundries and Machine Industries Ministry. Technical ministries prepared requests of their factories and works and submitted them 210 days in advance to the above mentioned division. The quantities requested were given in meters of chain. The factories were allowed

to request chains within their apportioned quota only. With requests for chains outside of the established norms, the factories had to send blue prints to the chain factory. In charge of [redacted] 50X1-HUM distribution was Emil HEIMER, chief referent.

[redacted]

Annexes : A. [redacted] Sketch Showing Location of the Industrial Chains Factory in Budapest XIII 50X1-HUM

B. [redacted] Sketch of the Industrial Chains Factory 50X1-HUM



Sketch: Location of the Industrial Chains Factory in Budapest XIII

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Legend

1. Robert Károly utca
2. Former Albrecht Barracks, housing Soviet soldiers and a large Soviet depot
3. Industrial Equipment Factory
4. Industrial Chains Factory
5. Military Barracks
6. Soviet barracks and a large military garage
7. Dozsa Gyoergy utca (formerly Arena utca)
8. Lehel utca
9. Vaci uts
10. Budapest metropolitan electric works
11. Ferdinand bridge
12. Lehel ter
13. Western RR Station
14. Danube River
15. Stalin bridge

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Annex B

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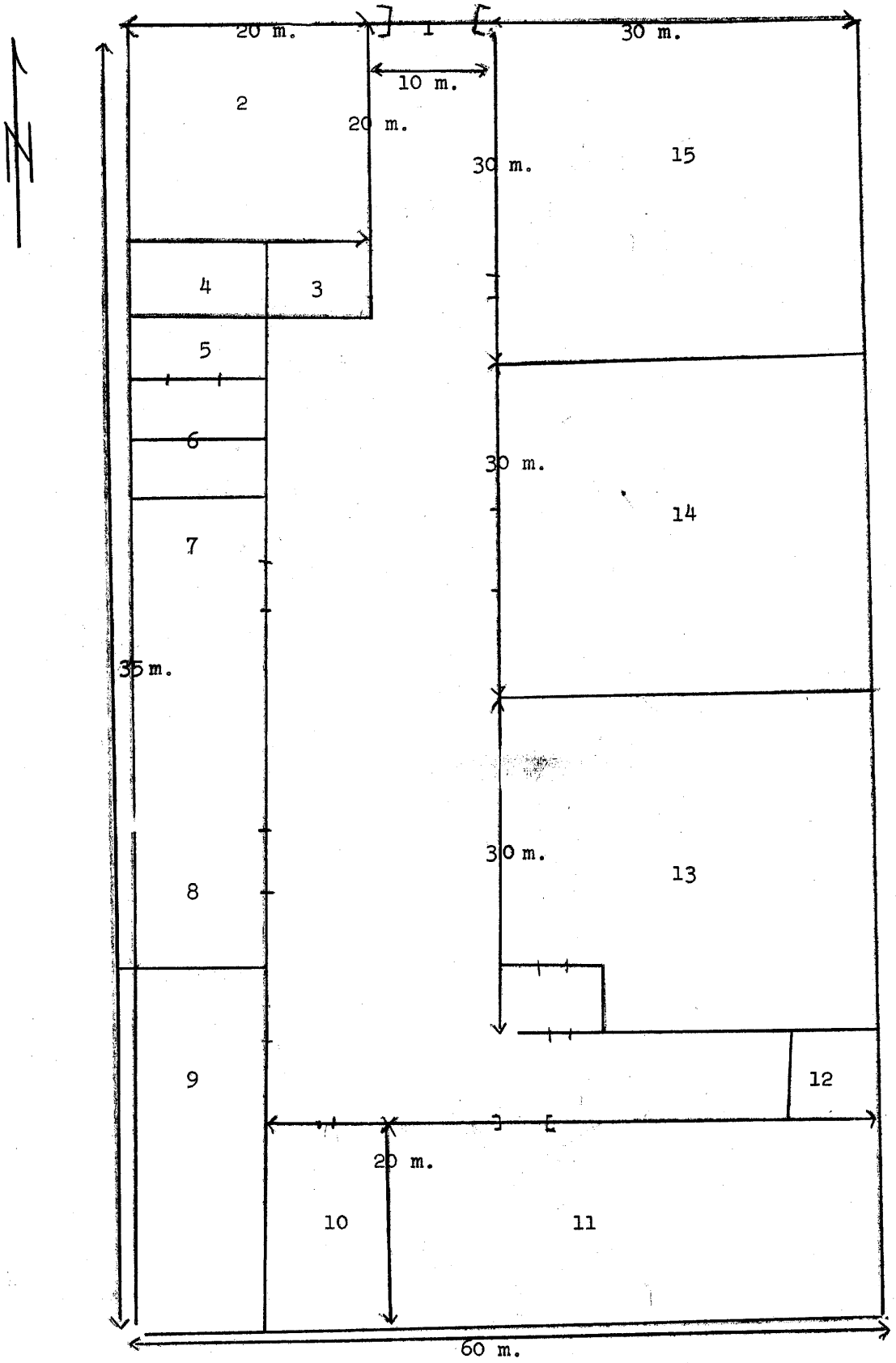

Sketch of the Industrial Chains Factory in Budapest XIII

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Legend

1. Main entrance to the factory, 10 m. wide
2. Dressing and wash rooms 20 x 20 m.
3. Gateman's lodge 4 x 2 m.
4. May be a storage room
5. and 6. Production Scheduling and Program Office
7. Workshop for Electrically welded chains
8. Workshop for bicycle and motorcycle chains
9. Several small offices
10. Storehouse for factory materials 20 x 5 m.
11. Workshop for flat link articulated chains 35 x 20 m.
12. A small storeroom
13. Workshop for hoisting machines, tackle heads 30 x 30 m.
14. Storehouse for materials 30 x 30 m.
15. Forge workshop 30 x 30 m.